

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0624-01  
Bill No.: HB 821  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
Department  
Type: Original  
Date: April 9, 2013

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Bill Summary: This proposal modifies various provisions relating to schools.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$1,005,000)	(\$463,644,715)	(\$111,766,803)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$1,005,000)</b>	<b>(\$463,644,715)</b>	<b>(\$111,766,803)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
State School Monies Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Offsetting Transfers In and Out: FY 2015 - \$462,644,715; FY 2016 - \$110,766,803**

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Offsetting Transfers In and Expenses: FY 2015 - \$462,644,715; FY 2016 - \$110,766,803**

## FISCAL ANALYSIS

### ASSUMPTION

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

### §§160.011 & 163.021 - School term

Officials from the **Special School District of St. Louis County** that the increase in number of school days would increase the contract days for teachers and teacher assistants which would result in an increase salaries of approximately \$800,000 and about \$90,000 in transportation costs.

### §160.047 - Performance measures

Officials from the **Department of Elementary and Secondary Education (DESE)** assume feedback from the districts would be utilized to develop the standards and criteria necessary to make modifications to the APR (Annual Performance Report) and scoring guide. DESE estimates costs of \$5,000.

### §160.530 - Evaluator training

DESE assumes this section calls for the distribution of \$1 million by the commissioner of education to fund evaluator training to support the teacher evaluation process.

ASSUMPTION (continued)

§163.031 - Formula funding

DESE states that funding needed to meet the requirements of this section of the proposal are summarized below:

FY 15	\$461,304,721
FY 16	\$110,766,803
FY 17	\$110,766,803

§167.031 - Mandatory school age for Kansas City and St. Louis

DESE estimates that there were 171 children age 6 and 7 in metropolitan schools that would have been in kindergarten, but did not attend school. Under this proposal, those children would have been required to be in school. DESE is paying St. Louis \$3,714 per Weighted Average Daily Attendance (WADA). This multiplied by the 171 kids would increase, by \$635,094 the cost to the state. There would not be an increase in years 2 and 3 as this would be a one-time cost.

DESE estimates that there were 175 children age 6 and 7 in Kansas City schools that would have been in kindergarten, but did not attend school. Under this proposal, those children would have been required to be in school. DESE is paying Kansas City \$4,028 per WADA. This multiplied by the 175 children would increase, by \$704,900 the cost to the state. There would not be an increase in years 2 and 3 as this would be a one-time cost.

The total cost for St. Louis and Kansas City would be \$1,339,994.

Officials from the **Kansas City Public School District (KCPSD)** assume that if fully funded, the KCPSD would see no obvious unfunded mandates within the text of the of proposed legislation. If the legislation is passed without full funding there will be substantial unfunded mandates to KCPSD in excess of \$800,000 the first year and increases each year thereafter.

Officials from the **Joint Committee on Education** state this provision will have no fiscal impact on their agency beyond the scope of their current budget.

§168.133 - Background checks

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MSHP)** state that the MSHP currently working on the Missouri Automated Criminal History Site (MACHS). MACHS is scheduled to be implemented in the spring or summer of 2013. When

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ASSUMPTION (continued)

complete, this site will be available for DESE to be able to electronically receive state and federal criminal history information on applicants that they have submitted fingerprint-based background check on. In addition, this site will offer agencies the ability to participate in the Missouri Rap Back program. The Missouri Rap Back program will allow eligible agencies that have previously submitted a fingerprint-based background check on an applicant to receive real-time arrest updates should the applicant be arrested in the future.

MSHP believes that MACHS will adequately address the real-time information system between the Missouri State Highway Patrol and DESE as described in the proposal. Therefore, MSHP anticipates no fiscal impact.

Officials from the **Joint Committee on Administrative Rules** state this proposal will have no fiscal impact on their agency beyond its current appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE</b>			
<u>Costs</u> - Department of Elementary and Secondary Education (DESE) - Expenses related to performance measures (\$160.047)	(\$5,000)	\$0	\$0
<u>Costs</u> - DESE - Evaluator training (\$160.530)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
<u>Transfer Out</u> - State School Monies Fund - Increased State Aid (\$163.031)	\$0	(\$461,304,721)	(\$110,766,803)
<u>Transfer Out</u> - State School Monies Fund - Increased State Aid - St. Louis & Kansas City Public Schools (\$167.031)	<u>\$0</u>	<u>(\$1,339,994)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$1,005,000)</u></b>	<b><u>(\$463,644,715)</u></b>	<b><u>(\$111,766,803)</u></b>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**STATE SCHOOL MONEYS FUND**

<u>Transfer In</u> - General Revenue - Increased State Aid (§§163.031 & 167.031)	\$0	\$462,644,715	\$110,766,803
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<u>Transfer Out</u> - School Districts - Increased State Aid (§§163.031 & 167.031)	\$0	(\$462,644,715)	(\$110,766,803)
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<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Transfer In</u> - School Districts - Increased State Aid (§163.031)	\$0	\$461,304,721	\$110,766,803
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<u>Transfer In</u> - School Districts - Increased State Aid - St. Louis & Kansas City Public Schools (§167.031)	\$0	\$1,339,994	\$0
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<u>Costs</u> - School Districts - Education expenses (§§163.031 & 167.031)	\$0	(\$462,644,715)	(\$110,766,803)
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

This bill changes the laws regarding elementary and secondary education. Included in the provisions of the proposal are the following:

### §160.011 - School term

Changes the basis of the school year from requiring both 174 days and 1044 hours to requiring 1080 hours without specifying the number of days.

### §160.407 - Performance measures

Requires the Department of Elementary and Secondary Education (DESE) to recognize a district's community involvement programs, training for teacher evaluators, and full-day kindergarten for certain student populations under the school improvement program.

### §160.530 - Evaluator training

Requires \$1 million annually for teacher evaluator training.

### §163.031 - Formula funding

Repeals expired phase-in provisions from the education foundation formula and sets increasing percentage targets to achieve full funding for fiscal years 2015 to 2017.

### §167.031 - Mandatory school age for Kansas City and St. Louis

Establishes, beginning in the 2014-15 school year, a mandatory school age of five years of age in the St. Louis and Kansas City public schools, unless the child is home-schooled. DESE must report the effect of lowering the mandatory school age on academic performance to the Joint Committee on Education.

The provisions regarding the mandatory school age in St. Louis and Kansas City public schools will expire six years after the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Public Safety  
    Missouri State Highway Patrol  
Joint Committee on Administrative Rules  
Office of Secretary of State  
    Administrative Rules Division  
Joint Committee on Education  
School Districts



Ross Strobe  
Acting Director  
April 9, 2013